

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Financial Statements
For year ended June 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/21/09

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Financial Statements
For year ended June 30, 2008

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GOVERNMENT - WIDE FINANCIAL STATEMENTS

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Statement of Net Assets

June 30, 2008

Assets

Cash	\$ 64,093
Grants and contracts receivable	79,023
Capital assets, net of accumulated depreciation	<u>120,177</u>
Total assets	<u>\$ 263,292</u>

Liabilities

Accounts payable	\$ 5,978
Payroll taxes withheld and accrued	127
Note and leases payable - current	9,473
Note and leases payable - non-current	<u>5,299</u>
Total liabilities	<u>20,877</u>

Net Assets

Invested in capital assets, net of debt	114,878
Restricted	9,359
Unrestricted	<u>118,178</u>
Total net assets	<u>\$ 242,415</u>

The accompanying notes are an integral part of this statement.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Statement of Activities

For the year ended June 30, 2008

Functions/Programs	Program Revenues					Net (Expense) Revenue and change in Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities						Total
Health, Welfare & Social Services						Governmental Activities
Supportive Services						
Homemaker	\$ 64,313	\$ 8,685	\$ -	\$ 65,728	\$ -	\$ (7,270)
Other services	27,523	3,717	-	2,193	-	(29,047)
Information and assistance	28	403	-	4,407	-	3,976
Legal assistance	2,138	-	-	2,528	-	390
Outreach	3,527	476	-	108	-	(3,895)
Transportation	115,567	15,606	-	186,674	-	55,501
Recreation	11,506	1,554	-	5,831	-	(7,229)
Nutrition Services						
Congregate meals	122,046	6,283	-	74,142	-	(54,187)
Home delivered meals	146,808	7,332	-	92,504	-	(61,636)
Utility Assistance	4,580	-	-	5,194	-	614
Disease Prevention and Health Promotion	5,440	377	-	3,662	-	(2,155)
National Family Caregiver Support						
Respite care	8,449	3,326	-	11,775	-	-
Other services	11,218	4,415	-	15,633	-	-
Medical waiver	497,088	53,896	677,960	-	-	126,976
Title XIX medical transportation	76,359	-	48,327	-	-	(28,032)
Administration	257,150	(106,070)	-	40,482	-	(62,271)
Total governmental activities	\$ 1,353,739	\$ -	\$ 726,287	\$ 510,861	\$ -	\$ (116,591)
General Revenues						
Grants and contributions not restricted to specific programs						96,670
Unrestricted Investment Income						120
Total general revenues and special items						96,790
Change in net assets						(19,801)
Net assets - beginning of the year						262,216
Net assets - end of the year						\$ 242,415

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Balance Sheet - Governmental Funds

June 30, 2008

	General Fund	Title III B	Title III C-1	Title III C-2	Section 16	Non-Major Funds	Total
Assets							
Cash	\$ 62,607	\$ -	\$ -	\$ -	\$ -	\$ 1,486	\$ 64,093
Grants and contracts receivable	44,319	-	-	-	32,597	2,107	79,023
Due from other funds	34,876	188	642	1,822	283	7,874	45,685
Total assets	<u>\$ 141,802</u>	<u>\$ 188</u>	<u>\$ 642</u>	<u>\$ 1,822</u>	<u>\$ 32,880</u>	<u>\$ 11,466</u>	<u>\$ 188,800</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 2,313	\$ 188	\$ 642	\$ 1,822	\$ 283	\$ 730	\$ 5,978
Payroll taxes payable	127	-	-	-	-	-	127
Due to other funds	11,711	-	-	-	32,597	1,377	45,685
Notes and leases payable	9,473	-	-	-	-	-	9,473
Total liabilities	<u>23,624</u>	<u>\$ 188</u>	<u>\$ 642</u>	<u>\$ 1,822</u>	<u>\$ 32,880</u>	<u>\$ 2,107</u>	<u>\$ 61,263</u>
Fund Balances							
Unrestricted	118,178	-	-	-	-	-	118,178
Restricted	-	-	-	-	-	9,359	9,359
Total fund balances	<u>118,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,359</u>	<u>127,537</u>
Total liabilities and fund balances	<u>\$ 141,802</u>	<u>\$ 188</u>	<u>\$ 642</u>	<u>\$ 1,822</u>	<u>\$ 32,880</u>	<u>\$ 11,466</u>	<u>\$ 188,800</u>

The accompanying notes are an integral part of this statement.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2008

Net assets per fund balance sheets	\$ 127,537
Leases payable are not paid out of current financial resources.	(5,299)
Capital assets used in governmental activities are not financial resources in the fund statements.	<u>120,177</u>
Net assets of governmental activities	<u>\$ 242,415</u>

The accompanying notes are an integral part of this statement.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2008

General Fund	Title III B	Title III C-1	Title III C-2	Section 18 Transportation	Non-Major Funds	Total Governmental Funds
Revenues						
Intergovernmental						
Governor's Office of Elderly Affairs	\$ -	\$ 58,469	\$ 46,278	\$ -	\$ 140,920	\$ 363,547
DeSoto Parish Police Jury	-	-	-	129,997	-	129,997
United Way of America	18,648	-	-	-	-	18,648
Office of Family Support	575	-	-	-	-	575
DeSoto Parish Council (PCOA)	20,660	-	-	-	-	20,660
FEMA	-	-	-	-	3,459	3,459
Public support	-	-	-	-	-	-
Contributions - building fund	9,000	-	-	-	-	9,000
Public Donations	6,567	-	-	1,781	-	8,348
CLECO Utility Assistance	-	-	-	-	1,734	1,734
Client Contributions	-	15,673	18,079	11,039	-	51,564
Program service fees	-	-	-	-	-	-
Title XIX Medical Transportation	48,327	-	-	-	-	48,327
Medical Waiver	677,960	-	-	-	-	677,960
Investment Income	120	-	-	-	-	120
Total revenues	781,857	74,142	64,357	142,817	146,113	1,333,939
Expenditures						
Health, Welfare, & Social Services						
Personnel	503,367	68,280	43,846	13,281	31,584	767,537
Fringe	42,468	5,240	3,241	1,092	3,026	64,328
Travel	7,994	785	876	838	1,031	31,799
Operating services	54,974	2,838	4,453	19,591	15,050	120,183
Operating supplies	22,383	712	5,015	12,139	14,676	70,218
Other costs	88,618	2,032	2,487	1,631	8,195	85,080
Meals	-	45,002	85,404	-	-	130,466
Utility assistance	-	-	-	-	4,580	4,580
Payments to DeSoto Parish Police Jury	48,287	-	-	-	-	48,287
Capital outlays	1,388	1,104	758	1,501	4,333	13,411
Total expenditures	745,459	125,983	154,140	50,083	82,485	1,333,931
Excess (deficiency) of revenues over expenditures	36,398	(51,078)	(89,783)	92,734	63,628	48
Other financing sources (uses)						
Transfers in	237,308	51,078	89,783	283	9,777	440,080
Transfers out	(274,271)	-	-	(93,017)	(72,792)	(440,080)
Total other financing sources and uses	(36,963)	51,051	89,783	(92,734)	(63,015)	-
Net increase (decrease) in fund balances	(565)	-	-	-	613	48
Fund balances						
Beginning of the year	118,743	-	-	-	8,746	127,489
End of the year	118,178	-	-	-	9,359	127,537

The accompanying notes are an integral part of this statement.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities

For year ended June 30, 2008

Net increase (decrease) in fund balances - total governmental funds \$ 48 -

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of these assets are
allocated over their estimated useful lives and reported as
depreciation expense. This is the amount by which depreciation
(\$34,210) exceeds capital additions of \$13,411 in the current period. (20,799)

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and therefore are not
reported as expenditures in governmental funds.

Payments on capital leases. 950

Change in net assets of governmental activities \$ (19,801)

The accompanying notes are an integral part of this statement.

DeSoto Council on the Aging, Inc.

Notes to Financial Statements

June 30, 2008

Note 1 - Summary of Significant Accounting Policies

a. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in DeSoto Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the Parish; to provide for a mutual exchange of ideas and information on the parish and state level; to conduct public meetings to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the Parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA); other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

Specific services provided by the Council to the elderly residents of DeSoto Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, public education and sitter services, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each Parish of Louisiana. However, before the council on aging can begin operations in a specific Parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and each council is governed by the policies and regulations established by GOEA.

The DeSoto Council on the Aging, Inc. is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on July 1, 1971.

A board of directors, consisting of 13 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected annually in the following manner:

Board members are elected by general membership of the Council. The board is composed of a balanced representation of the community's composition, having no more than one-half of the board as elected officials.

Membership in the Council is open at all times, without restriction, to all residents of DeSoto Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, the DeSoto Council on the Aging, Inc. is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget be approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

c. Presentation of Statements

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The Council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Council has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Council are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- The financial statements include:
 - Governmental-Wide Financial Statements prepared using full accrual accounting for all of the Council's activities.
 - A change in the Fund Financial Statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Council implemented the general provisions of the GASB Statement 34.

d. **Basic Financial Statements - Government-Wide Financial Statements**

The Council's basic financial statements include both Government-Wide Financial Statements (reporting the Council as a whole) and Fund Financial Statements (reporting the Council's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Council's functions and programs have been classified as governmental activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the Government-Wide Financial Statements do not include any of these activities or funds.

The Statement of Net Assets is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Council's policy is to use restricted resources first to finance its activities except for nutrition services. When providing nutrition services, revenues earned by the Council under its USDA contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the USDA revenues when paying for nutrition program costs. Quite often unrestricted resources are available for use that must be consumed or they will have to be returned to GOEA. In such cases it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, the Council will depart from its usual policy of using restricted resources first.

The Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost.

The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

The Council allocates its indirect costs among various functions and programs in accordance with Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "Indirect Expenses." In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs.

The Government-Wide Financial Statements focus upon the Council's ability to sustain operations and the change in its net assets resulting from the current year's activities.

e. **Basic Financial Statements - Fund Financial Statements**

The financial transactions of the Council are reported in individual funds in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types.

A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management. The following is a description of the governmental funds of the Council:

- **The General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several special revenue funds. The following is a brief description of each special revenue fund's purpose:

Major Special Revenue Funds

The **Section 5311 Fund** was established to account for funds under the U.S. Department of Transportation's Public Transportation for Non-urbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the DeSoto Parish Council (DPC). Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within DeSoto Parish. As part of calculating the operating costs of this program, the Council may apportion some of the in-kind contributions it receives as allowable transportation expenses. This provision results in the Council receiving cash reimbursement for costs that did not spend cash for. Section 5311 funds are used as operating transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

The **Title III B Fund** is used to account for funds, which are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

<u>Service</u>	<u># of Units</u>
Information and assistance	504
Outreach	229
Homemaker	6100
Recreation	4776
Transportation for people age 60 or older	5380
Legal assistance	45
Material aid	3071

The **Title III C-1 Fund** is used to account for funds that are used to provide nutritional, congregate meals to the elderly at meal sites located in Mansfield and surrounding areas. During the year the Council served 17,052 meals to people eligible to participate in this program. In addition to the meals serviced, the Council also provided 39 units of nutritional education to eligible participants.

The **Title III C-2 Fund** is used to account for funds that are used to provide nutritional meals to homebound older persons. Using Title III C-2 funds the Council served 35,316 meals (including United Way Funds) during the year to people eligible to participate in this program.

Non-Major Special Revenue Funds

The Title III C Area Agency Administration Fund is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the elderly. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bear to direct costs for all programs except payroll and fringe benefits which are allocated on time studies.

The Title III D Fund is used to account for funds used for disease prevention and health promotion activities. During the year, 2,257 units of wellness service and 623 units of medication management were provided to eligible participants in this program

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior center for DeSoto Parish is located in Logansport, Morning Star, Mansfield, Springhill and Stonewall. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, during the fiscal year, the Senior Center Fund transferred all of its grant revenue to the Title III Funds to subsidize that program's cost of providing supportive services to elderly persons who use the senior center.

The Utility Assistance Fund is used to account for the administration of utility assistance programs that are sponsored by FEMA and local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging to provide assistance to the elderly for the payment of utility bills. The Council receives its donations directly from Cleco Corporation and its grant funds from FEMA. During the year, the Council was able to provide 23 units of service with these funds.

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The cost allocated to this fund is equal to the GOEA supplement. Excess audit costs have been distributed to other funds and programs using the Council's indirect cost allocation formula.

The Supplemental Senior Center Fund was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities. The DeSoto Council on the Aging, Inc. was one of the parish councils to receive a supplemental grant of \$23,765. The money received by this fund during the year was transferred to the Title III Funds to supplement the supportive services provided by this fund. GOEA provided these funds to the Council.

The Title III E Care-giver Fund provides systems of support services for family care-givers and for individuals who are relative care-givers. Providing information and assistance, in-home respite, material aid, outreach, public education, sitter service and support group services. A total of 1,009 units of service were provided with these funds.

The Nutritional Services Incentive Fund (NSI) is used to account for the administration of the Food Distribution Program provided by the United States Department of Agriculture (USDA) through the Governor's Office of Elderly Affairs (GOEA), which in turn "passes through" the funds to the Council. GOEA distributes funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. The primary purpose of the NSI reimbursement is to provide money to the Council so that United States produced food and commodities may be purchased to supplement nutrition programs.

f. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements.

It relates to the timing of the measurements made regardless of the measurement focus applied.

A. Accrual Basis – Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

B. Modified Accrual Basis – Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred.

The exceptions to this general rule are that (1) amounts due on capital leases, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

g. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the Fund Financial statements to the change in net assets in the Government-Wide Financial Statements.

h. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

i. Investments

GASB Statement 31 requires the Council to report its investments at fair value, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

Investments that include securities traded on a national or international exchange are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Council had no investments during the current reporting period.

j. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid for services in advance. These are shown as assets on the Statement of Net Assets. In the Fund Financial Statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed to comply with the cost reimbursement terms of grant agreements. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the Fund Financial Statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure. The Council had no prepaid expense or expenditures during the current reporting period.

k. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year.

When purchased or acquired, these assets are recorded as capital assets in the Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	40	Years
Building improvements	20	Years
Equipment	5-7	Years
Computers	3	Years
Vehicles	5	Years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category of capital asset, management has used 10% of the vehicle's initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

i. Unpaid Compensated Absences

The Council's policies for vacation time do not permit employees to accumulate earned but unused vacation leave. Accordingly, no liability for the unpaid vacation leave has been recorded in the Government-Wide Financial Statements.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the Government-Wide Financial Statements relative to sick leave.

m. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

n. Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

o. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

p. Deferred Revenues

The Council reports deferred revenues on its Statement of Net Assets and on the Balance Sheet of the Fund Financial Statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. The Council had no deferred revenue during the current reporting period.

q. Budget Policy

The Council followed the procedures below in establishing budgetary data reflected in these financial statements. The GOEA and other funding agencies notify the Council each year as the funding levels available for their respective programs. Management of the Council prepares a proposed budget base on the funding levels provided and submits to the Council's Board of Directors for approval. The Board reviews and adopts budget for the next year. The adopted budget is forwarded to the GOEA or other funding agency for final approval. The agency submits a final or "red line" budget at or near the end of the year reflecting more closely the actual results through the final budget submission date.

Note 2 - Revenue Recognition

Revenues are recorded in the Government-Wide Financial Statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

Note 3 - Cash

The Council maintains a consolidated bank account to deposit most of the monies it collects and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. In addition to the consolidated bank account, the Council has a separate bank account to deposit and disburse EFSP funds.

At year-end, the general fund carrying amount of the Council's cash balances on the books, was \$43,520, whereas the related bank cash balances totaled \$62,314. All other accounts were substantially less than FDIC insured amount. The difference in the book, and bank balances for cash relates primarily to deposits made and checks written which did not clear the bank accounts by year-end. All bank balances were covered by federal depository insurance. Accordingly, all bank and brokerage firm deposits are classified as a "Category 1" credit risk in accordance with GASB Statement 3.

GASB Statement 3 categorizes deposits into three categories of credit risk:

1. Insured by FDIC or collateralized with securities held by the Council or by its agent in the Council's name. (Category 1)
2. Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name. (Category 2)
3. Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Council's name; or collateralized with no written or approved collateral agreement. (Category 3)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a legal requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Council that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, all bank deposits must be (1) secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent bank, or (2) invested exclusively in instruments backed by the U.S. government. The fair value of the pledged securities plus the federal deposit insurance must always equal or exceed the amount on deposit with the fiscal agent.

Note 4 - Government Grants and Contracts Receivable

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end.

Government grants and contracts receivable at year-end, consist of reimbursements for expenses incurred under the following programs:

Grant funds receivable	
Audit fund	\$ 2,107
Service fees receivable	
PCA programs	43,644
Sec 18	32,597
Project Independence	675
Total receivables all funds	<u>\$ 79,023</u>

Note 5 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

Note 6 - In-Kind Contributions

The Council received various in-kind contributions during the year. No income or expenditures related to in-kind contributions are reflected in these financial statements.

Note 7 - Changes in Capital Assets

A summary of changes in capital assets is as follows:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Assets				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Building	105,805	-	-	105,805
Building improvements	46,710	-	-	46,710
Furniture and equipment	48,118	11,910	-	60,028
Vehicles	111,776	1,501	-	113,277
	<u>332,409</u>	<u>13,411</u>	<u>-</u>	<u>345,820</u>
Accumulated Depreciation				
Building	23,806	2,645	-	26,451
Building improvements	23,353	2,336	-	25,689
Furniture and equipment	34,212	6,874	-	41,086
Vehicles	110,062	22,355	-	132,417
	<u>191,433</u>	<u>34,210</u>	<u>-</u>	<u>225,643</u>
Net capital assets	<u>\$ 140,976</u>	<u>\$ (20,799)</u>	<u>\$ -</u>	<u>\$ 120,177</u>

Depreciation was charged to governmental activities as follows:

Administration	\$ 2,645
Nutrition services	
Congregate meals	2,336
Supportative services	
Recreation (Non-priority services)	6,874
Transportation	
Vehicles	22,355
Total depreciation expense for governmental activities	<u>\$ 34,210</u>

Note 8 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c)(3) of the Internal Revenue Code, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax.

Note 9 - Lease and Rental Commitments

The Council had a capital lease associated with a copier. The terms of the lease require the Council to pay \$176 per month over the term of this lease (\$2,112 annually). The lease term runs from July 13, 2006 to October 12, 2012. Payments including interest are as follows: 2009 - \$2,112; 2010 - \$2,112; 2011 - \$2,112, and 2012 - \$2,112.

Note 10 - Judgments, Claims, and Similar Contingencies

There is no litigation pending against the Council as of year-end. The Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 11 - Contingencies-Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 12 - Economic Dependency

The Council receives the majority of its revenue through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and the Louisiana Department of Transportation and Development (DOTD). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

Note 13 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

Note 14 - Interfund Receivables and Payables

Because the Council operates most of its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans in the Fund Financial Statements.

These loans have been eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

A summary of these interfund loans at year end, is as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Major funds		
General fund	\$ 34,846	\$ 11,711
Section 18	-	32,597
Non-major funds		
Title III	2,652	-
Section 18	283	-
Medicaid waiver	30	-
Audit	-	1,377
NSIP	2,645	-
Energy assist	5,229	-
	<u>\$ 45,685</u>	<u>\$ 45,685</u>

Note 15 - Changes in Long-Term Debt

The only long-term debt the Council had during the year related to a mortgage note collateralized by land and building. Interest expense for the year amounts to \$1,342.

Beginning balance - July 1, 2007	\$ 22,697
(Decreases)	(13,224)
Ending balance - June 30, 2008	<u>\$ 9,473</u>
Current portion	\$ 9,473
Long-term portion	-
Total debt	<u>\$ 9,473</u>

Note 16 - Interfund Transfers

Interfund transfers to and from are listed by fund for the fiscal year as follows:

	Funds transferred in					
	Title	Title	Title	Title	Title	
	IIIB	III C-1	III C-2	III D	III C-1 AAA	Total
<u>Funds transferred out</u>						
General fund	\$ 36,647	\$ 6,733	\$ 62,109	\$ 2,155	\$ -	\$ 107,644
Senior center	-	10,880	10,000	-	-	20,880
Supp. senior center	-	6,091	17,674	-	-	23,765
PCOA	14,431	-	-	-	6,229	20,660
NSIP	-	28,147	-	-	-	28,147
Total Title III funds	\$ 51,078	\$ 51,851	\$ 89,783	\$ 2,155	\$ 6,229	\$ 201,096

Transfer to general fund from medicaid waiver (PCA)	127,036
Transfer to general fund from Sec 18 fund	93,300
Transfer to general fund from United Way	18,648
Total fund transfers	<u>\$ 440,080</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

Note 17 - Related Party Transactions

There were no significant related party transactions during the year.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

Budgetary Comparison Schedule - General Fund

For the year ended June 30, 2008

The Council has no legal obligation to budget this fund

See Independent Auditor's Report.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Budgetary Comparison Schedule - Title III B Fund

For the year ended June 30, 2008

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 117,880	\$ 117,880	\$ 117,880	\$ -
Public support	3,170	6,883	6,773	(110)
Total revenues	<u>121,050</u>	<u>124,763</u>	<u>124,653</u>	<u>(110)</u>
Expenditures				
Personnel	109,845	101,245	107,159	(5,914)
Fringe	9,831	9,061	9,261	(200)
Travel	12,157	14,367	12,275	2,092
Operating services	16,295	21,728	23,279	(1,551)
Operating supplies	10,874	9,172	15,293	(6,121)
Other costs	17,174	3,780	4,117	(337)
Capital outlays	-	13,200	4,347	8,853
Totalexpenditures	<u>176,176</u>	<u>172,553</u>	<u>175,731</u>	<u>(3,178)</u>
Excess (deficiency) of revenues over expenditures	(55,126)	(47,790)	(51,078)	(3,288)
Other Financing Sources (Uses)				
Transfers in	55,126	47,790	51,078	3,288
Transfers out	-	-	-	-
Total other financing sources and uses	<u>55,126</u>	<u>47,790</u>	<u>51,078</u>	<u>3,288</u>
Net increase (decrease) in fund balances	-	-	-	-
Fund balances				
Beginning of year	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Budgetary Comparison Schedule - Title III C-1 Fund

For the year ended June 30, 2008

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	GAAP Basis	
Revenues				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 58,469	\$ 58,469	\$ 58,469	\$ -
Public support	7,159	13,128	15,673	2,545
Total revenues	65,628	71,597	74,142	2,545
Expenditures				
Personnel	34,949	36,684	68,280	(31,595)
Fringe	3,128	3,283	5,240	(1,957)
Travel	477	802	785	17
Operating services	8,759	4,274	2,838	1,436
Operating supplies	977	451	712	(261)
Other costs	122	67	2,032	(1,965)
Meals	62,400	62,261	45,002	17,259
Capital outlays	-	-	1,104	(1,104)
Total expenditures	110,812	107,822	125,993	(18,171)
Excess (deficiency) of revenues over expenditures	(45,184)	(36,225)	(51,851)	(15,626)
Other financing sources (uses)				
Transfers in	45,184	36,225	51,851	15,626
Transfers out	-	-	-	-
Total other financing sources and uses	45,184	36,225	51,851	15,626
Net increase (decrease) in fund balances	-	-	-	-
Fund balances				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Budgetary Comparison Schedule - Title III C-2 Fund

For the year ended June 30, 2008

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 46,278	\$ 46,278	\$ 46,278	\$ -
Public support	7,888	17,616	18,079	463
Total revenues	54,166	63,894	64,357	463
Expenditures				
Personnel	31,340	29,166	43,846	(14,660)
Fringe	2,805	2,612	3,241	(629)
Travel	8,640	7,677	8,876	(1,199)
Operating services	5,477	6,981	4,453	2,528
Operating supplies	5,305	4,271	5,015	(744)
Other costs	135	75	2,487	(2,412)
Meals	63,794	61,292	85,464	(24,172)
Capital outlays	-	-	756	(756)
Total expenditures	117,496	112,094	154,140	(42,046)
Excess (deficiency) of revenues over expenditures	(63,330)	(48,200)	(89,783)	(41,583)
Other financing sources (uses)				
Transfers in	63,330	48,200	89,783	41,583
Transfers out	-	-	-	-
Total other financing sources and uses	63,330	48,200	89,783	41,583
Net increase (decrease) in fund balances	-	-	-	-
Fund balances				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

Budgetary Comparison Schedule - Section 18 Transportation

For the year ended June 30, 2008

The Council has no legal obligation to budget this fund

See Independent Auditor's Report.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Schedule of Non-Major Special Revenue Funds

For the year ended June 30, 2008

	Title III C-AAA	NSIP	Title III D	Title III E	Senior Center	FEMA/Utility Assistance	Audit	Supplemental Senior Center	Total
Revenues									
Intergovernmental									
Governor's Office of Elderly Affairs	\$ 22,807	\$ 28,147	\$ 3,662	\$ 27,408	\$ 33,024	\$ -	\$ 2,107	\$ 23,765	\$ 140,920
FEMA	-	-	-	-	-	3,459	-	-	3,459
Public Support	-	-	-	-	-	1,735	-	-	1,735
CLECO	-	-	-	-	-	5,194	-	-	5,194
Total revenues	22,807	28,147	3,662	27,408	33,024	10,388	2,107	23,765	146,114
Expenditures									
Current									
Personnel	11,425	-	4,741	15,428	-	-	-	-	31,594
Fringe	898	-	799	1,329	-	-	-	-	3,026
Travel	585	-	3	238	204	-	-	-	1,031
Operating services	11,574	-	160	3,316	-	-	-	-	15,050
Operating supplies	1,580	-	97	3,606	9,393	-	-	-	14,676
Other costs	1,152	-	17	3,162	365	-	3,500	-	8,195
Utility assistance	-	-	-	-	-	4,580	-	-	4,580
Capital outlays	1,822	-	-	329	2,182	-	-	-	4,333
Total expenditures	29,036	-	5,817	27,408	12,144	4,580	3,500	-	82,485
Excess (deficiency) of revenues over expenditures	(6,229)	28,147	(2,155)	-	20,880	613	(1,393)	23,765	63,628
Other financing sources (uses)									
Transfers in	6,229	-	2,155	-	-	-	1,393	-	9,777
Transfers out	-	(28,147)	-	-	(20,880)	-	-	(23,765)	(72,792)
Total other financing sources and uses	6,229	(28,147)	2,155	-	(20,880)	-	1,393	(23,765)	(63,015)
Net increase (decrease) in fund balances	-	-	-	-	-	613	-	-	613
Fund balances									
Beginning of the year	-	2,645	-	-	-	6,101	-	-	8,746
End of the year	\$ -	\$ 2,645	\$ -	\$ -	\$ -	\$ 6,714	\$ -	\$ -	\$ 9,359

See Independent Auditor's Report.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Comparative Schedule of General Fixed Assets and Changes in General Fixed Assets

For the year ended June 30, 2008

	Beginning Balance	Additions	Deletions	Ending Balance
General fixed assets				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Building	105,805	-	-	105,805
Building improvements	46,710	-	-	46,710
Furniture, fixtures and equipment	48,118	11,910	-	60,028
Vehicles	111,776	1,501	-	113,277
Total general fixed assets	<u>\$ 332,409</u>	<u>\$ 13,411</u>	<u>\$ -</u>	<u>\$ 345,820</u>
Investment in general fixed assets				
Property acquired with funds from				
Operating services	\$ 46,605	\$ -	\$ -	\$ 46,605
Operating supplies	2,262	4,346	-	6,608
Other costs	1,974	1,821	-	3,795
Utility assistance	752	1,105	-	1,857
Capital outlays	584	759	-	1,343
Title III D	1,127	-	-	1,127
Ombudsman	9	-	-	9
Title III E	-	329	-	329
Senior Center	72	2,181	-	2,253
Section 18	836	1,501	-	2,337
Section 3	38,830	-	-	38,830
General funds and local donations	239,358	1,369	-	240,727
Total investment in general fixed assets	<u>\$ 332,409</u>	<u>\$ 13,411</u>	<u>\$ -</u>	<u>\$ 345,820</u>

See Independent Auditor's Report.

ROBERTS, CHERRY AND COMPANY
Certified Public Accountants, Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

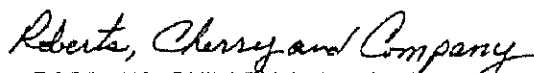
We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of DeSoto Council on the Aging, Inc., as of and for the year ended June 30, 2008, which collectively comprise of the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of DeSoto Council on the Aging, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about where the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of DeSoto Council on the Aging, Inc. as of June 30, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary financial information required by GASB 34 and supplementary financial information required by GOEA, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accept in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The management of the DeSoto Council on the Aging, Inc. has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary for Governmental Entities to supplement their financial statements, although not required to be a part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2008 on our consideration of DeSoto Council on the Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
November 16, 2008

ROBERTS, CHERRY AND COMPANY
Certified Public Accountants, Consultants

**Report on Compliance and on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

Board of Directors
DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DeSoto Council on the Aging, Inc. (the Council), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Council's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, item no. 4, to be significant deficiencies in internal control over financial reporting.

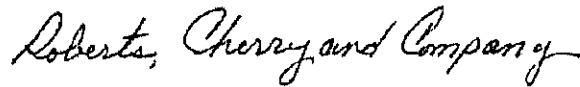
A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Board of Directors, management, federal awarding agencies, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
November 16, 2008

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2008

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the DeSoto Council on the Aging, Inc..
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the general purpose financial statements of the DeSoto Council on the Aging, Inc. were disclosed during the audit.
4. The auditor noted one significant deficiency as defined by SAS 112 during the audit –

The DeSoto Council on the Aging, Inc. has been keeping its accounting records on the fund basis as if it were in fact a Government Body or Unit. DeSoto Council on the Aging, Inc. is a Non-Profit Corporation, that has been identified as a Quasi-Governmental agency for financial reporting purposes. As a Non-Profit Corporation your books and accounting records should include the recording and maintaining of Net Fixed Assets, and the associated Fund Balance and Liabilities such as accounts payable, notes payable, capital leases and accrued expenses. We therefore recommend that these assets, liabilities and net fund balance items be recorded in the books and accounting records of the Council.

5. The programs tested as major programs are as follows:
 - U.S. Department of Health and Human Services - Administration on Aging:

Special Programs for the Aging:

 - Title III, Part B - Grants for Supportive Services and Senior Centers; CFDA #93.044, and
 - Title III, Part C - Nutrition Services; CFDA #93.045.
 - U.S. Department of Transportation:
 - FTA - Public Transportation for Non-urbanized Areas - Section 5311; CFDA #20.509

6. The threshold for distinguishing Type A and B Programs was \$300,000.
7. The DeSoto Council on the Aging, Inc. was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings that are required to be reported in this section of the report.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings that are required to be reported in this section of the report.

D. MANAGEMENT LETTER

The auditor issued a management letter this year, a copy of which follows in this reporting package.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the Year Ended June 30, 2008

Finding #2007-1:

Condition: The segregation of duties is inadequate to maintain effective internal control. Employees perform interrelated duties. This is a repeat finding.

Status: Resolved.

Finding #2007-2:

Condition: The Council paid contract labor and bonus payments to employees during the year. The Council also paid the executive director contract labor in addition to salary. Payroll withholdings were not withheld from the contract labor payments, bonus checks, or payments made to the executive director as contract labor. The contract labor and bonus payments were not included as employee wages in the payroll system.

Status: Resolved.

Finding #2007-3:

Condition: The majority of checks signed are lacking the signature of a designated Board Member as required by the Governors Office of Elderly Affairs (GOEA) Policy Manual.

Status: Resolved

Finding #2007-4:

Condition: Actual expenditures exceed budgeted expenditures by 10% or more in Title IIIB, Title IIIC-1 and Title IIIC-2 Funds and the Council did not amend the budget as required by the (GOEA).

Status: Partially Resolved. (see Management Letter Comment)

ROBERTS, CHERRY AND COMPANY
Certified Public Accountants, Consultants

To the Board of Directors
DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of DeSoto Council on the Aging, Inc. (DCOA) for the year ended June 30, 2008. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving DCOA practices and procedures.

2008-1 Budget Amendments

Issue: Not submitting amended budget for approval was finding #2007-4 in prior year audit.

Comment: While the Council submitted an amended budget as required, the actual expenditures still exceeded the amended budget amount by more than 10% in the Title IIIC-1 and Title IIIC-2 Funds.

Cause: This was caused by a lack of knowledge by Council personnel on the mechanics of the Governors Office of Elderly Affairs (GOEA) budget forms and not including the proper amounts from the financial records on the right forms and right places.

Management's Corrective Action Plan: The Council will seek training from the GOEA program personnel on the proper completion of budget forms. Some management personnel had attended the first training class subsequent to audit year and prior to completion of field work.

Recommendations: We concur with management's corrective action plan. More training is needed by Council personnel on the proper completion of budget forms submitted to the GOEA.

Closing

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Roberts, Cherry and Company
ROBERTS, CHERRY AND COMPANY

A Corporation of
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Shreveport, Louisiana
November 16, 2008